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VIA ECFS

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Notice of Ex Parte; Revision of the Commission's Program Access Rules, MB Docket No. 12-68

Dear Ms. Dortch:

On June 24, 2013, Andrea Greenberg, Executive Vice President, MSG Media ("MSG"), Adam Levine, Senior Vice President of Legal and Business Affairs for MSG, and the undersigned met with Mary Beth Murphy, Kathryn Berthot and Steven Broeckaert of the Media Bureau, and Susan Aaron and XiXi Tian of the Office of General Counsel, to discuss the above-captioned proceeding. Specifically, Ms. Greenberg and Mr. Levine expressed strong concerns about the impact on Fuse (MSG's national music network) of proposals to change the definition of "buying group" to allow cooperatives such as NCTC to qualify without guaranteeing the financial obligations of its members, to enable certain members of the group to automatically opt in to any master agreement negotiated by cooperatives such as NCTC, and to consider cooperatives such as NCTC automatically "comparable" to an MVPD with the same number of subscribers as NCTC potentially can deliver. Notwithstanding the spin-off of The Madison Square Garden Company from Cablevision over three years ago as a separate public company, Fuse remains subject to the program access rules by virtue of the over-inclusiveness of the attribution rules. Given that the program access rules apply only to a handful of programmers, Fuse already is singled out for extra regulatory burdens, and these proposals would limit Fuse's ability to innovate and compete even further.

Fuse is MSG's only national network, but must compete with networks that are part of the nation's largest programming groups. Those networks have significantly more resources than Fuse to market and program their networks, and have significantly broader distribution. MSG is working very hard to help Fuse succeed and distinguish itself in the marketplace, including by significantly ramping up investment in original programming, launching a music news division which distributes a 30 minute music news program each weekday, and introducing several new original series.

If NCTC is deemed a buying group, Fuse would be forced to deal with NCTC without getting the key benefits of a buying group. In Fuse's experience, NCTC often has not served as the central point of contract for its members. Instead, after it negotiated its agreement with NCTC, Fuse had to engage with individual NCTC members to confirm opt-in and carriage. NCTC has failed to timely notify Fuse of important matters relating to its members that impact Fuse's business, such as member bankruptcies, system shutdowns, discontinuance of carriage, and other changes, without verifying whether such changes are permissible under Fuse's NCTC agreement or taking responsibility for ensuring that it collects appropriate payments from members. For example, on multiple occasions NCTC members have dropped Fuse (which is not permitted under its NCTC agreement) and Fuse has been made aware of the issues only months later as a result of NCTC unilaterally applying a credit against the NCTC payment. When Fuse has protested this breach, Fuse has been told to take it up with the individual member directly.

In addition, giving any distributor the automatic right to opt-in to the NCTC agreement would have a significant adverse impact on Fuse's ability and incentive to invest in programming and manage cash flow. Fuse invests in its programming with the goal of growing its audience, expecting the opportunity to recoup this investment through higher affiliation fees when existing deals expire. If a distributor with an expiring deal could automatically opt into the remaining years of an NCTC deal, it would deprive Fuse of the opportunity it bargained for with that distributor to revisit the rates, terms and conditions based on the then-current market for its programming. There is also the likelihood that distributors will use the NCTC deal as a negotiating starting point from which to insist on a better deal for themselves (essentially utilizing the new buying group rules to create a free option).

The periodic opportunity to negotiate and enter into bilateral deals with distributors also helps Fuse gain broader carriage because it can offer unique incentives tailored to each distributor. This broader carriage allows Fuse to improve the programming it offers consumers, and contribute more value and diversity to the marketplace.

Finally, the proposal to consider cooperatives such as NCTC automatically "comparable" to an individual MVPD offering the same number of subscribers is nonsensical. There are many factors that Fuse considers when negotiating a carriage arrangement, such as distribution in key markets, channel position, or levels of penetration. There is also a very meaningful difference between NCTC offering a potential subscriber universe and an MVPD committing to deliver Fuse to a specified number of actual systems and subscribers.

In all, the proposals would substantially harm Fuse, even though negotiations with Fuse cannot reasonably be the problem the proposals seek to address. Fuse is a small programmer, competing against programmers that are larger, better financed and not subject to the program access rules. Increasing any burdens under the program access rules would increase the disparity between Fuse and its competitors in a manner detrimental to consumers and competition.

Pursuant to section 1.1206(b) of the Commission's rules, an electronic copy of this letter is being filed with the Office of the Secretary and served electronically on the Commission participants in the meeting.

Respectfully submitted,

/s/
Tara M. Corvo

cc: Mary Beth Murphy
Kathryn Berthot
Steven Broeckaert
Susan Aaron
XiXi Tian